

**Public Gas Company
220 Lexington Green, Bldg 2, Suite 130
P.O. Box 24032
Lexington, KY 40524-4032
Tele (859) 245-8193**

March 28, 2005

Ms. Beth O'Donnell
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

RECEIVED

MAR 30 2005

PUBLIC SERVICE
COMMISSION

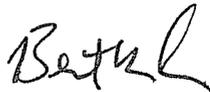
RE: Public Gas Company
Case No. 2005-00131
GCR Filing Proposed to Become
Effective May 1, 2005

Dear Ms. O'Donnell:

Enclosed are an original and five copies of Public Gas Company's Cost Recovery (GCR) filing for rates proposed to become effective May 1, 2005. Also included are an original and five copies of 32nd revised sheet No. 1 of Public's PSC Kentucky No. 1 Tariff, which is being filed pursuant to the Purchased Gas Adjustment provision of that Tariff.

This filing proposes a GCR rate of \$8.8519 per MCF of sales.

Sincerely,



Bert R. Layne

Public Gas Company

Quarterly Report of Gas Cost
Recovery Rate Calculation

RECEIVED
MAR 30 2005
PUBLIC SERVICE
COMMISSION

Date Filed: March 28, 2005

Date Rates to be Effective: May 1, 2005

Reporting Period is Calendar Quarter Ended: July 31, 2005

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	8.9452
+ Refund Adjustment (RA)	\$/Mcf	
+ Actual Adjustment (AA)	\$/Mcf	(.0933)
+ Balance Adjustment (BA)	\$/Mcf	
= Gas Cost Recovery Rate (GCR)		8.8519

GCR to be effective for service rendered from May 1, 2005 to July 31, 2005

A.	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	
÷	Sales for the 12 months ended _____	Mcf	
=	Expected Gas Cost (EGC)	\$/Mcf	

B.	<u>REFUND ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Supplier Refund Adjustment for Reporting Period (Sch.III)		
+	Previous Quarter Supplier Refund Adjustment	\$/Mcf	
+	Second Previous Quarter Supplier Refund Adjustment	\$/Mcf	
+	Third Previous Quarter Supplier Refund Adjustment	\$/Mcf	
=	Refund Adjustment (RA)	\$/Mcf	

C.	<u>ACTUAL ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Actual Adjustment for the Reporting Period (Schedule IV)	\$/Mcf	.0567
+	Previous Quarter Reported Actual Adjustment	\$/Mcf	(.0646)
+	Second Previous Quarter Reported Actual Adjustment	\$/Mcf	.0115
+	Third Previous Quarter Reported Actual Adjustment	\$/Mcf	(.0969)
=	Actual Adjustment (AA)	\$/Mcf	(.0933)

D.	<u>BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	
+	Previous Quarter Reported Balance Adjustment	\$/Mcf	
+	Second Previous Quarter Reported Balance Adjustment	\$/Mcf	
+	Third Previous Quarter Reported Balance Adjustment	\$/Mcf	
=	Balance Adjustment (BA)		

SCHEDULE II

EXPECTED GAS COST

Actual * MCF Purchases for 12 months ended October 31, 2004

(1) Supplier	(2) Dth	(3) BTU Conversion Factor	(4) Mcf	(5)** Rate	(6) (4) X (5) Cost
Gas Purch					
November 03			13,631	8.9452	13,503
December 03			20,708	8.9452	20,293
January 04			28,601	8.9452	28,047
February 04			19,284	8.9452	18,668
March 04			15,317	8.9452	15,156
April 04			9,002	8.9452	8,997
May 04			3,762	8.9452	3,705
June 04			2,199	8.9452	2,151
July 04			3,278	8.9452	3,202
August 04			2,429	8.9452	2,371
September 04			2,517	8.9452	2,480
October 04			4,608	8.9452	4,494
TOTALS			125,336		123,067

Line loss for 12 months ended October 2004 is 1.81% based on purchases of
125,336 Mcf and sales of 123,067 Mcf.

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	
÷ Mcf Purchases (4)	Mcf	
= Average Expected Cost Per Mcf Purchased	\$/Mcf	
x Allowable Mcf Purchases (must not exceed Mcf sales ÷ .95)	Mcf	
= Total Expected Gas Cost (to Schedule IA)	\$	

*Or adjusted pursuant to Gas Cost Adjustment Clause and explained herein.

**Supplier's tariff sheets or notices are attached.

\$8.9452 Per Attached Schedule

Jefferson Gas, LLC

03/28/05

Expected gas price, May 2005, June 2005, and July 2005

Public Gas has asked for an estimate of their gas price for the months of May and June 2005, and July 2005.

	Gas price* to Public Gas
May	8.71
June	8.79
July	8.85

*Jefferson Gas purchases gas from various producers based on the NYMEX futures price. This index changes daily, and has been somewhat volatile in the past. Therefore, gas may be more or less than indicated above, depending on the actual NYMEX price for the periods indicated above. The above estimated gas prices were derived from the NYMEX futures prices issued by the NYMEX web site on March 22, 2005.

8 • 7100	+
8 • 7900	+
8 • 8500	+
26 • 3500	*
26 • 3500	÷
3 • 0000	=
8 • 7833	+
8 • 7833	*
8 • 7833	÷
0 • 9819	=
8 • 9452	+
8 • 9452	*

SCHEDULE III
SUPPLIER REFUND ADJUSTMENT

Details for the 3 months ended _____ (reporting period) _____

<u>Particulars</u>	<u>Unit</u>	<u>Amount</u>
Total supplier refunds received	\$	
+ Interest	\$	
<hr/> = Refund Adjustment including interest	\$	<hr/>
÷ Sales for 12 months ended	Mcf	
<hr/> = Supplier Refund Adjustment for the Reporting Period (to Schedule IB.)	\$/Mcf	<hr/>

SCHEDULE IV
ACTUAL ADJUSTMENT

For the 3 month period ended January 31, 2005

<u>Particulars</u>	<u>Unit</u>	<u>Month 1 (Nov. 04)</u>	<u>Month 2 (Dec. 04)</u>	<u>Month 3 (Jan. 05)</u>
Total Supply Volumes Purchased	Mcf	10,151	22,205	20,182
Total Cost of Volumes Purchased	\$	80,548.19	181,148.39	167,712.42
÷ Total Sales (may not be less than 95% of supply volumes)	Mcf	9,893	21,704	19,763
= Unit Cost of Gas	\$/Mcf	8.1419	8.3463	8.4862
- EGC in effect for month	\$/Mcf	8.2248	8.2248	8.2248
= Difference [(over-)/Under-Recovery]	\$/Mcf	(.0829)	.1215	.2614
x Actual sales during month	Mcf	9,893	21,704	19,763
= Monthly cost difference	\$	(820.13)	2,637.04	5,166.05

	<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)	\$	6,982.96
÷ Sales for 12 months ended <u>October 31, 2004</u>	Mcf	123,067
= Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	.0567

SCHEDULE V
BALANCE ADJUSTMENT

For the 3 month period ended _____ (reporting period)

	<u>Particulars</u>	<u>Unit</u>	<u>Amount</u>
(1)	Total Cost Difference used to compute AA of the GCR effective four quarters prior to the effective date of the currently effective GCR	\$	
	Less: Dollar amount resulting from the AA of _____ \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of _____ Mcf during the 12-month period the AA was in effect.	\$	
	Equals: Balance Adjustment for the AA.	\$	_____
(2)	Total Supplier Refund Adjustment including interest used to compute RA of the GCR effective four quarters prior to the effective date of the currently effective GCR.		
	Less: Dollar amount resulting from the RA of _____ \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of _____ Mcf during the 12-month period the RA was in effect.	\$	
	Equals: Balance Adjustment for the RA	\$	_____
(3)	Total Balance Adjustment used to compute BA of the GCR effective four quarters prior to the effective date of the currently effective GCR	\$	
	Less: Dollar amount resulting from the BA of _____ \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of _____ Mcf during the 12-month period the BA was in effect.	\$	
	Equals: Balance Adjustment for the BA.	\$	_____
	Total Balance Adjustment Amount (1) + (2) + (3)	\$	_____
÷	Sales for 12 months ended _____	Mcf	_____
=	Balance Adjustment for the Reporting Period (to Schedule ID.)	\$/Mcf	

FOR Entire Service Area
Community, Town or City

P.S.C. KY. NO. _____ i

32nd Revised SHEET NO. _____ i

Public Gas Company
(Name of Utility)

CANCELLING P.S.C. KY. NO. _____ i

31st Revised SHEET NO. _____ i

RATES AND CHARGES

Applies to: All Customers

Rates, Monthly:

			Base Rate	Gas Cost	Rate per Unit (Mcf)
First	0 to 1 Mcf	Minimum Bill	3.2705	8.8519	12.1224
All Over	1 Mcf		2.1505	8.8519	11.0024

DATE OF ISSUE March 28, 2005
Month / Date / Year

DATE EFFECTIVE May 1, 2005
Month / Date / Year

ISSUED BY Bert R. Layne
(Signature of Officer)

TITLE Treasurer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____